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C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 000228

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [PINR](#) [PHUM](#) [KDEM](#) [BK](#)

SUBJECT: BOSNIA - PRESSURE INTENSIFIES ON SIPA AND STATE  
COURT AS SERBS RALLY AROUND DODIK

REF: A. A. SARAJEVO 223

[1](#)B. B. SARAJEVO 190

Classified By: Ambassador Charles L. English. Reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY: Contacts at the State Prosecutor's Office told us on February 23 that they anticipate completing their review of the State Investigation and Protection Agency (SIPA) criminal report against Republika Srpska (RS) PM Milorad Dodik (Ref A) next week. A formal investigation against Dodik could be opened shortly afterwards. Chief Prosecutor Barasin told us that he is committed to pursuing the case, but he conceded that he (and his family) were under intense pressure from all sides as a result. Meanwhile, RS politicians, media, public, and NGOs -- encouraged by Dodik and his allies -- have rallied around their Premier. Dodik's allies have continued to present the report as part of a conspiracy led by the international community and so-called "parallel structures" within state institutions to destroy him and the RS. Several senior members of his party, the Alliance of Independent Social Democrats (SNSD), have begun to talk more openly of a "Plan B" -- the withdrawal of Serb representatives from state-level executive and legislative institutions -- if certain, vague conditions are not met within 30 days. Over the weekend, Dodik had suggested such a withdrawal might occur only if he were indicted. The head of the SNSD caucus in the state-level House of Representatives has also forecast a possible retraction of SNSD support on the draft amendment on Brcko District. At some point, a confrontation with Dodik and the RS over the criminal case seems likely; the alternative would be a significant blow to the international community's credibility in Bosnia and to its efforts to support the rule of law here. END SUMMARY

SIPA Report Against Dodik: Next Steps  
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[1](#)2. (C) A contact at the State Prosecutor's Office told us on February 22 that his office was still reviewing the 107-page SIPA report regarding alleged corruption by the RS PM Dodik and other RS officials (Note: According to the EU Police Mission, the report details allegations against Dodik, five RS ministers, six RS company directors, and three senior RS civil servants. End Note). Our contact told us that the SIPA report appears to contain sufficient information to open a formal investigation against Dodik and his cohorts, and that the decision to do so could come as early as next week. We anticipate that this decision would only intensify attempts by Dodik and his allies to paint the investigation as part of a conspiracy managed by segments of the international community and so-called anti-Serb parallel structures within state institutions. As part of an

investigation, we would anticipate the additional requests from the State Prosecutor for official RS documents and for sworn interviews with RS officials. Each of these requests would, presumably become, a potential flashpoint for tension between the RS and the state. That said, we have been told that it would likely take at least six months, if not more, for the Prosecutor's Office to issue any indictments.

Barasin on Edge  
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13. (C) We met with Chief Prosecutor Milorad Barasin on February 24 at his request. Barasin complained about that the infighting at SIPA between Director Mirko Lujic and Assistant Director Dragan Lukac had complicated efforts to conclude the preliminary investigation, and stressed that if the two men continued to lock horns, it would only fuel public perceptions that SIPA had mishandled the case. (Note: EUPM indicated to us that it had been monitoring SIPA's preliminary investigation from the beginning in order to ensure that all procedures were followed and laws respected. Lukac's decision to sign out the criminal report was not a violation of the law, or as it was explained to us, internal SIPA procedure. End Note). Barasin explained that the procedural mistakes that were made in his office were minor (as we understand it, it involves securing a "receipt stamp" from the State Prosecutor's Protocol Office), that he had spoken to the Head of the Special Department for Organized Crimes (SDOC), and that "things had now been fixed." Barasin added that as a manager, he encourages dissent and accept mistakes provided that they were not intentionally made.

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14. (C) Barasin told us that the pressure he has been under as a consequence of the investigation, which has been going on for months, has been intense. (Note: The origins of the case against Dodik and other RS officials date to late 2007 when Transparency International passed information to the State Prosecutor alleging RS government corruption. End Note) Barasin underscored that while he has no intention of "buckling to RS pressure," he remained concerned about the impact the investigation was having on his family. He noted that the RS press had been portraying him as a traitor, while the Federation press had characterized him as Dodik stooge. As a consequence of the publicity, his young son was being taunted at school, leading his son to exclaim, "Daddy, they all hate you."

15. (C) Barasin confirmed that he would meet with RS Minister of Justice, Dzerard Selman, a Dodik ally, later that day. Minister Selman had stated publicly that he was seeking a meeting with Barasin so that he could register his complaint about the "procedural mistakes" committed by SIPA and the State Prosecutor's Office and discuss the existence of "parallel structures" in both institutions. Barasin acknowledged that there were drawbacks to meeting with Selman, but stressed that he would pay a personal and professional price if he refused to do so. "It is better to meet with your enemy to know what your enemy is thinking," he said. Barasin noted that meeting with him would take place in Sarajevo, arguing that this was significant, since Selman has long proclaimed that he only believes in the RS justice system. By paying him a visit, Selman was in essence, acknowledging the authority of the State Prosecutor's Office, Barasin argued.

Among RS Officials, Talk of "Plan B" Gains Traction  
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16. (C) During the weekend after the news of the report broke, Dodik implied that an indictment might prompt a Serb walkout of state-level executive and legislative institutions. The aim of this so-called "Plan B" would be to collapse state-level institutions. However, comments by several SNSD officials in the February 24 edition of the sensationalist

daily Fokus -- which often previews shifts in RS policy and SNSD thinking -- suggest that the SNSD threshold for a walkout may have lowered. SNSD's Dusanka Majkic and Rajko Vasic suggested that RS representatives over the next month would seek clarity about how Serbs, Croats and Bosniaks would work within state institutions. Majkic and Vasic declared that if the RS is not satisfied with the results after one month, Serb representatives would be prepared to walk out of state institutions and would be given jobs in "the republic" (in lieu of "the entity"). All Serbs working in state institutions must be seen as "valid representatives of the RS" and the Serb people, Vasic declared. (Comment: It is worth noting that the pro-Bosniak daily Dnevni Avaz has, for its own reasons, taken an anti-SIPA, pro-Dodik line on the criminal report. Avaz's owner is concerned about a potential SIPA investigation into his own allegedly criminal business activities. End Comment)

#### RS Rallies Around Dodik

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17. (SBU) Efforts to rally the Serb public to Dodik's cause also continue. Radio Television Republika Srpska (RTRS) began its February 24 news coverage with "Solidarity in Action," followed by a news clip of several young SNSD members -- including staffers from Dodik's and Radmanovic's offices -- wearing t-shirts that read, "I think with my own head, I like Republika Srpska, I am guilty." They filed symbolic charges against themselves with the RS branch of SIPA, declaring that they are guilty of supporting Milorad Dodik, wanting a strong RS and respect for the Dayton Accords, and seeking an end to the politicization of law enforcement and the judiciary. The same day, the RS Bar Association declared that all of its members would offer Dodik free legal assistance in the SIPA investigation. One RS-based NGO called on Dodik to "have the courage to declare independence for the RS, because now is the time to do so."

#### Kalabic Forecasts Possible Trouble on Brcko

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18. (C) Separately, Drago Kalabic, head of the SNSD caucus in the state-level House of Representatives, warned the RS media on February 24 that although SNSD thus far has unreservedly supported the draft amendment on Brcko District (Ref B), the party may withdraw its support in light of "the latest pressures caused by the behavior of some people in SIPA." The SIPA report "sheds a completely different light on everything in Bosnia," according to Kalabic. The Constitutional and Legislative Affairs Committee (CLAC) is scheduled to vote on the amendment on February 26. (Comment: A "no" vote from the two CLAC members from SNSD would preclude the amendment's progress to its first reading in Parliament, assuming Haris Silajdzic's Party for BiH (SBiH) also votes against the amendment. That said, we do not anticipate obstruction from SNSD at this stage, which Kalabic himself downplayed in the press. We will report the results of the CLAC session septel. End Comment.)

#### Comment

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19. (C) There are no good options here. Dodik's reactions to the SIPA report over the past several days underscore that at this point, he may see the report as an existential threat. He is certainly trying to present it the SIPA report as an existential threat to the RS itself. He also appears to have the full support of the RS, and his representatives in state institutions will certainly follow him if he decides to end cooperation on Brcko or to bring down state institutions. Some sort of confrontation seems inevitable, and tension could ratchet up next week if a formal investigation into Dodik is launched. However, allowing the process against Dodik to collapse also carries severe consequences. It would

undermine our efforts on building rule of law in Bosnia; it would implicitly signal that state-level institutions lack the authority and jurisdiction to work in the RS; and it would severely damage the already shaky credibility of the international community (IC) among Bosniaks, who increasingly wonder just how far the IC is prepared to let Dodik and his allies go in pursuing their anti-state, anti-Bosnia agenda.

ENGLISH